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THE *Demand and Price* SITUATION

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SUMMARY

With overall business activity remaining relatively high, demand for farm products continues strong. Supplies, however, will continue to exert a downward pressure on prices in the next few months, as the large volume of crops in prospect for 1949 is harvested. Production of all crops for 1949 was estimated on August 1 at 130 percent of the 1923-32 average.

The decline in overall industrial activity which began early this year continued through most of July. In the latter part of the month and in early August, however, there were indications that in some industries the downward trend in output may have been reversed. Demand for nonferrous metals continued firm at the advanced prices of recent weeks and it appears likely that output of nonferrous metals products will increase in the next few months. Output of steel also picked up somewhat in late July, and an increase in new orders placed may foreshadow a further increase in the next month or two.

These and other signs of strength elsewhere in the economy, notably the continued high level of construction activity and personal income and the increase in new orders booked by manufacturers suggest that the decline in overall economic activity has begun to taper off, at least temporarily. Piecemeal adjustments still will continue however, as output in some sectors becomes adjusted to the more normal peacetime patterns of demand.

ECONOMIC TRENDS AFFECTING AGRICULTURE

Item	Unit or base period	1948		1949			
		Year	July	April	May	June	July
Industrial production <u>1/</u>	1935-39						
Total.....	=100	192	186	179	174	169	162
All manufactures.....	do.	198	192	184	179	175	169
Durable goods.....	do.	225	219	212	201	194	185
Nondurable goods.....	do.	177	169	162	161	161	156
Minerals.....	do.	155	153	148	145	134	124
Construction activity <u>1/</u>	1935-39						
Contracts, total.....	=100	331	357	307	314	338	355
Contracts, residential.....	do.	397	458	343	385	426	461
Wholesale prices <u>2/</u>							
All commodities.....	1926=100	165	169	157	156	154	153
All commodities except farm and food.....	do.	151	151	149	147	146	145
Farm products.....	do.	188	195	170	171	168	166
Food.....	do.	179	188	163	164	162	161
Prices received and paid by farmers <u>3/</u>	1910-14						
Prices received, all products....	=100	287	301	260	256	252	249
Prices paid, interest and taxes..	do.	249	251	246	245	245	244
Parity ratio.....	do.	115	120	106	104	103	102
Consumers' price <u>2/ 4/</u>	1935-39						
Total.....	=100	171	174	170	169	170	168
Food.....	do.	210	217	203	202	204	202
Nonfood.....	do.	149	150	151	150	150	150
Income							
Nonagricultural payments <u>5/</u>	Bil. dol.	188.8	190.2	192.3	192.3	192.3	
Income of industrial workers <u>3/</u> ..	1935-39						
	=100	364	361	340	332	N. A.	
Factory payrolls <u>2/</u>	do.	389	383	358	351	N. A.	
Weekly earnings of factory workers <u>2/</u>							
All manufacturing.....	Dollars	53.14	52.95	52.62	52.86	53.68	53.66
Durable goods.....	do.	56.76	56.21	56.82	56.82	57.57	57.21
Nondurable goods.....	do.	49.33	49.49	48.32	49.00	49.57	50.31
Employment							
Total civilian <u>6/</u>	Millions	59.4	61.6	57.8	58.7	59.6	59.7
Nonagricultural <u>6/</u>	do.	51.4	52.5	50.0	49.7	49.9	50.1
Agricultural <u>6/</u>	do.	8.0	9.2	7.8	9.0	9.7	9.6
Government finance (Federal) <u>7/</u>							
Income, cash operating.....	Mil. dol.	3,748	2,268	1,430	2,595	4,798	
Outgo, cash operating.....	do.	3,075	2,588	3,130	3,686	4,539	
Net cash operating income or outgo.....	do.	+ 672	- 320	-1,699	-1,091	+ 258	

Annual data for the years 1929-48 appear on page 29 of the March 1949 issue of The Demand and Price Situation.

Sources: 1/ Federal Reserve Board, converted to 1935-39 base. 2/ U. S. Dept. of Labor, BLS. 3/ U. S. Dept. of Agriculture, BAE, to convert prices received and prices paid interest and taxes, to the 1935-39 base, multiply by .93110 and .78125 respectively. 4/ Consumers' price index for moderate-income families in large cities. 5/ U. S. Dept. of Commerce revised figures employing new concepts, seasonally adjusted at annual rate. 6/ U. S. Dept. of Commerce, Bureau of the Census. 7/ U. S. Dept. of Treasury. Data for 1948 are on average monthly basis. N. A. not available.

Commodity highlights

A general decline in hog prices is in prospect for the fall marketing season, with prices possibly falling to support levels at some time during the fall or winter. Prices of better grades of cattle are likely to continue strong in the next month or two. Increases in the price of eggs during the next few months may be relatively smaller than last year. Turkey prices this winter will not reach last year's records. Total output of oilseeds from 1949 crops will be well above the 1938-47 average, but somewhat below last year. Total supply of all feed concentrates for 1949-50 is expected to be the largest on record. Winter wheat prices are not expected to change much in the near future, but advances are likely later in the season. Prices received by growers for fresh market truck crops in September and October are expected to average slightly above those in the same months of 1948. Prices received by growers this fall for most deciduous fruits are expected to continue below those of 1948.

OUTPUT AND EMPLOYMENT

Industrial output continued to fall in July. In large part the decline from June reflected the spreading practice of plants and even whole industries shutting down completely for summer vacations. The index of total production, seasonally adjusted, as estimated by the Federal Reserve Board declined to 162 (1935-39=100), 4 percent below June and 13 percent below July 1948. Since the effects of these shut-downs are not as yet adequately allowed for in the Board's seasonally adjusted indexes, especially in those for the nondurable groups, the indexes may tend to overstate the overall decline and the declines in some of the industry groups.

Further decreases occurred in the output of durable goods as activity in the steel, machinery and nonferrous metals industries fell below June. The index of durable goods output, seasonally adjusted, was 185 in July, 5 percent below June and 16 percent below July a year earlier. Steel production was off 11 percent from June, partly as a result of holiday shut-downs during the week beginning July 4. In the latter part of the month, however, steel output picked up somewhat, reaching a rate of 81.5 percent of rated capacity. Motor vehicle output continued close to record levels during the month.

Nondurable goods production also declined further in July. The seasonally adjusted index dropped to 156, compared with 161 in June and 169 in July 1948. Declines occurred in the production of paper and paper products, textiles, manufactured food products, and chemicals.

Because of lower crude petroleum output and sharply curtailed bituminous coal production resulting from vacation shut-downs and a shortened work week, total production of minerals in July was 7 percent below June and 19 percent below a year earlier.

Preliminary indications point toward a slight increase in overall output in August. Steel production during the month was at a higher rate than in July; automobile output continued at record rates; and activity in the nonferrous metals industries picked up somewhat.

The value of new orders received by manufacturers increased for the second successive month in June, rising 3 percent over May on a daily average basis. This rise in new business is likely to result in an increase in manufacturing output in the next month or two over the rates prevailing in July and August. New orders booked by nondurable industries as a whole rose only slightly but in two important groups, textiles and apparel, new business was up substantially. Incoming business of durable goods producers showed substantial improvement in June, increasing 6 percent above May. The largest increases occurred in the iron and steel, electrical machinery and stone, clay and glass groups.

The value of all new construction started in July totaled 1.9 billion dollars, 12 percent above both June 1949 and July 1948. Increases in outlays for residential nonfarm construction accounted for most of the increase from June. Total private construction outlays in July were 11 percent above the previous month and 4 percent above July 1948. Expenditures on public construction rose 7 percent above June and 39 percent above July a year earlier.

In July construction of about 96,000 new permanent nonfarm dwelling units was begun, bringing the total for January-July to 549,100 units, only 4 percent below the same period in 1948. The number of July starts, though down 4 percent from this year's peak reached last month, was 1 percent above July 1948.

Total civilian employment in July was estimated at 59.7 million persons, slightly above June, but 1.9 millions below July a year earlier. Nonagricultural employment, at 50.1 million persons, was slightly higher than in the previous month, but 2.4 millions below July a year earlier. Total man hours worked in nonagricultural industries in July were considerably lower than in June, largely as a result of the large number of workers on vacation and the July 4 holiday, which occurred during the survey week. Average hours worked per week, reflecting the July 4 holiday, dropped to 39.2 hours per week in July from 41.8 hours in June.

The number of persons unemployed in July was 4.1 million, 300,000 greater than in June and 1.9 millions greater than in July a year earlier. The increase in the number of unemployed from June to July reflected the seasonal expansion in the labor force without an equal rise in employment. The total civilian labor force in July was estimated at 63.8 million persons, a rise of 400,000 from the previous month. For the first time since early 1949, no appreciable rise in the number of long-term unemployed occurred. About 750,000 unemployed persons were looking for work 15 weeks or longer, about the same number as in June, but 3 times as many as in July 1948.

INCOME AND RETAIL SALES

Total personal income in June was at a seasonally adjusted annual rate of 213.5 billion dollars, slightly above May, about the same as in June 1948 and 2 percent below the peak in December 1948. A slight increase in farm income from May to June accounted for a major part of the rise. Salary and wage receipts declined slightly to an annual rate of 134.5 billions, but this rate was still 2 billions greater than in June a year earlier. The decline from May resulted chiefly from lower pay rolls in the service and distributive industries. Income from dividends and personal interest continued upward, while transfer payments such as benefits from social insurance funds, and military pensions, disability and retirement payments also rose slightly.

Personal income during the second quarter of 1949 was at a seasonally adjusted annual rate of 212.9 billion dollars, less than 1 percent below the first quarter of 1949 and 2 percent below the record rate of the fourth quarter of 1948. During the period of decline in overall activity, which began early this year, personal income has been rather stable, declining less than prices, employment and output. Present indications point toward a flow of income in the second half of 1949 at rates close to those of the first half of the year, but somewhat below the record level of the second half of 1948.

Department store sales in July were down slightly from the previous month. The Federal Reserve Board's index of dollar sales at department stores was 282 (1935-39=100) in July, 1 percent below June and 9 percent lower than July 1948. Sales for January-July were 5 percent below those for the same period in 1948. Inventory liquidation continued during June. At the end of that month, the value of department-store stocks was down 3 percent from that at the end of May and 7 percent from June a year earlier.

COMMODITY PRICES

Commodity prices at wholesale averaged slightly lower in July than in June, reflecting for the most part further declines in farm product prices. The BLS index of wholesale prices in July was 153.4, compared with 154.4 in June and 166.4 in July a year earlier. Prices of textile products and metals continued to show strength during the month, but this was more than offset by declines in prices of farm products, building materials and other commodities. The decline continued through August as prices of farm commodities dropped further.

Table 1.- Group indexes of wholesale prices, week ended August 23, 1949, with comparisons

(1926 = 100)

Group	Week ended Aug. 23, 1949	Week ended July 26, 1949	Week ended Aug. 24, 1948	Week ended July 23, 1949 percentage change from	
				Week ended July 26, 1949	Week ended August 24, 1948
All commodities	151.9	152.8	169.8	- .6	- 10.5
Farm products	159.8	164.3	191.2	- 2.7	- 16.4
Foods	161.3	161.2	189.8	+ .1	- 15.0
All other than farm and food	144.9	145.1	153.4	- .1	- 5.5
Textile products	139.7	139.1	148.8	+ .4	- 6.1
Fuel and lighting materials	130.0	130.6	136.4	- .5	- 4.7
Metals and products	167.9	167.9	170.2	0	- 1.4
Building materials	189.6	190.4	204.1	- .4	- 7.1
All other	124.0	124.2	135.4	- .2	- 8.4

Bureau of Labor Statistics

During the week ended August 23, the all-commodity index averaged slightly lower than four weeks earlier, largely reflecting further declines in prices of farm products. Prices of industrial commodities and foods averaged about the same as four weeks earlier. Prices of metal products remained unchanged from those of four weeks earlier, while prices of textile products were up fractionally. Prices of farm products and foods continued sharply below levels of a year earlier. Prices of industrial commodities averaged 5 1/2 percent below a year ago, with the greatest declines in the textile products, building materials and miscellaneous groups.

Average prices received by farmers in mid-August were lower than a month earlier. The BAE index of prices received on August 15 was 245 compared with 249 in July and 293 a year earlier. Average prices received for all crops were 4 percent below those of July as sharply lower prices received for fruit and lower prices received for truck crops and cotton more than offset a sharp rise in prices of oil-bearing crops. Prices of all livestock and products combined were very slightly higher than in July. Prices of meat

animals were down 2 percent from mid-July, while dairy products and poultry and eggs were up 3 and 6 percent respectively from the previous month. The rise in the last two groups was mostly seasonal.

Table 2.- Group indexes of prices received by farmers August 15, 1949 with comparisons

(August 1909-July 1914=100)					
Group	Aug. 15, 1949	July 15, 1949	Aug. 15, 1948	August 15, 1949	
				percentage change from	
				July 15, 1949	August 15, 1948
Food grains	204	207	227	- 1	- 10
Feed grains and hay	166	171	235	- 3	- 29
Cotton	236	243	245	- 3	- 4
Tobacco	407	412	386	- 1	+ 5
Oil-bearing crops	225	205	310	+ 10	- 27
Fruit	160	194	183	- 18	- 13
Truck crops	174	185	172	- 6	+ 1
All crops	212	220	236	- 4	- 10
Meat animals	317	324	411	- 2	- 23
Dairy products	243	236	305	+ 3	- 20
Poultry and eggs	226	214	247	+ 6	- 9
Livestock and products	276	275	344	1/	- 20
Crops and livestock and products	245	249	293	- 2	- 16

1/ Less than one-half percent increase.

In mid-August prices received by farmers averaged 16 percent below those of a year earlier. Prices of all crops combined were 10 percent below a year ago; those for livestock and products, 20 percent. The sharpest drops from a year ago occurred in prices of feed grains, oil-bearing crops, meat animals and dairy products. Prices received for truck crops were slightly higher than in August 1948.

Prices paid by farmers, interest and taxes averaged slightly lower in mid-August than a month earlier. The BAE index of prices paid by farmers, interest and taxes was 243 in mid-August, 1 point below mid-July and 8 points below a year earlier. Fractionally lower prices paid for feed, food, clothing, housefurnishings and building materials were largely responsible for the decline in the overall average. The greater decline in

prices received relative to prices paid by farmers brought the parity ratio (index of prices received divided by index of prices paid, interest and taxes) down to 101, 1 point below mid-July and the lowest since 1941.

Average prices paid by moderate income families in large cities in July were slightly lower than in the previous month, reflecting lower prices for food, clothing and housefurnishings. The BLS index of consumer prices was 168.5 in July, compared with 169.6 in June and 173.7 in July 1948.

FARM INCOME

Cash receipts from farm marketings in August probably were a little above July, but substantially below a year ago. The volume of marketings was slightly higher than in July, with crop marketings up and livestock and products down. Total marketings probably were about the same as last August. Prices that farmers received for farm products as a whole were slightly lower than in July, and 16 percent lower than prices a year ago. For the first 8 months, farmers' cash receipts were about 10 percent below the same period last year, with marketings a little larger but prices averaging about 12 percent lower.

Farmers received about 2.2 billion dollars from the sale of farm products in August, 6 percent more than in July but 17 percent less than a year ago. Receipts from livestock and products were about 1.2 billion dollars, about the same as in July but 18 percent below August 1948. Meat animals were up slightly from July because of seasonally larger marketings. They were 20 percent less than a year ago, however, as lower prices more than offset larger marketings. Receipts from dairy products in August were down 10 percent from July, with marketings seasonally smaller and prices up 3 percent. Receipts from dairy products were down sharply from last August since prices were nearly one-fifth lower. Receipts from poultry and eggs were about the same as in July, with lower marketings offset by higher prices. But poultry and egg receipts were about 10 percent less than last August because of lower prices.

Farmers' receipts from crops in August were about 14 percent greater than in July because of seasonally larger marketings. Crop receipts were nearly one-fifth less than a year ago, however, for both marketings and prices were down. Receipts from cotton were up seasonally, but they probably were a little below a year ago because of lower prices. Receipts from tobacco were higher than in July, and about as high as last August. Receipts from vegetables and fruits were a little greater than in July as a result of increased marketings of summer vegetables and some of the early maturing deciduous fruits, and about the same as a year ago. Receipts from wheat were down seasonally and were below August 1948.

From January through August, farmers received about 16.2 billion dollars from marketings, or 10 percent less than last year. Receipts from livestock and products were about 9.9 billion dollars, 13 percent below the same period in 1948, mainly because of lower prices. Receipts from meat animals were nearly 15 percent less than last year, and receipts from dairy products were down also, reflecting lower prices.

Crop receipts for the first 8 months were about 6.3 billion dollars, or 8 percent below last year. Crop prices as a whole were down 13 percent, but marketings were greater. Receipts from wheat and other food grains were one-third lower, with marketings down about one-fifth and prices about 15 percent. Receipts from vegetables were down by about 15 percent because of lower prices. However, receipts from cotton were substantially higher as a result of larger marketings. Receipts from feed crops were up because of greater sales (including loans) of corn.

LIVESTOCK AND MEAT

Prices of hogs have edged downward since reaching their highest point of the year in the middle of August, and a general decline is in prospect for the fall marketing season. The number marketed will be considerably larger than last year, because of the 15 percent bigger pig crop this past spring than a year earlier. As a result, the seasonal decline in hog prices this fall may be somewhat greater than the 20-year average of 18 percent. It is possible that hog prices will reach support levels at some time during the fall or winter.

Prices of the better grades of cattle have strengthened recently, and are likely to make some further seasonal advances. Declines later in the year probably will be much smaller than those for hogs. Lower grades of cattle have declined in price seasonally, but any further declines are likely to be limited by a strong demand for cattle for feeding.

Prices of most meats rose moderately this summer. Retail prices of steer beef at New York City averaged 7 percent higher in July than in April, and those of pork 3 percent higher. Prices of lamb were down 1 percent.

Meat production did not decline as much this summer as in the summer of 1948. Production of all meat under Federal inspection in July was 6 percent larger than a year earlier, as estimated from weekly reports, and a larger increase was indicated in August. Production of beef was up 20 percent and that of pork 12 percent. Production of meat in August to date has been steadily above last year.

However, during most of 1949 the increase in federally inspected meat production over last year has not been matched by noninspected production, and the difference is probably continuing. Also, imports are currently much smaller than in late August and September last year, when much beef and veal came in from Canada after that country lifted its export restrictions. Hence, meat consumption per capita in the July-September quarter may be only slightly larger than that of the same quarter in 1948.

Slaughter of grain-fed cattle has been a record this year and although declining seasonally is likely to continue comparatively large. About 24 percent more cattle were on feed in 11 Corn Belt States on August 1 this year than last. This compares with a 23 percent increase on April 1 and 22 percent last January 1. Slaughter of other cattle is expected to be smaller this fall than last.

Chiefly because of the expected increase in pork production, total meat supplies for the fourth quarter will be considerably larger than those a year earlier, and consumption per person will exceed that of the same period of 1948. Since the increases in the last two quarters will offset small decreases in the first half of the year, meat consumption per person for all of 1949 may be fully as large as the 146 pounds consumed in 1948.

So far this year supplies of lamb and mutton have been the smallest in many years. Sheep numbers on farms have decreased each year since 1941, reducing greatly the number of lambs raised and slaughtered. This year the lamb crop is down to 18.9 million head, about 1 million or 6 percent less than the 1948 crop, the smallest on records going back to 1924 and probably the smallest in 50 years. The smaller crop this year than in 1948 is due to the fewer ewes on farms and the smaller crop per 100 ewes in a number of Western States hit by severe storms last winter. However, on a percentage basis (number of lambs per hundred ewes) the U. S. crop is up from 85.5 to 87.3, mainly because of a big improvement in Texas. Texas was the only major sheep State in which more lambs were saved this year than last. The Texas crop was small in 1948 because of severe drought.

Export controls on live cattle, hogs and sheep and all meats and edible meat products were removed, effective August 26. This means that these may now be freely exported in any quantity and to any destination.

DAIRY PRODUCTS

Prices of dairy products increased during the past month. This reflects mainly an extension of Government support operations to cheese, and an increase in the support level for butter. However, the seasonal decrease in milk output also has been a price-increasing influence. These recent increases have only partly restored prices to levels of early 1949. Prices received by farmers in mid-August were lower than a year earlier by 25 percent for butterfat and 22 percent for milk at wholesale.

Continued large consumer incomes are being accompanied by sustained high consumption of all dairy products, except butter. In the first half of 1949 domestic disappearance of all manufactured items, except evaporated and condensed milk was larger than a year earlier. Consumption of butter continues well below prewar, however. Use of fluid milk and cream has been nearly as large as a year earlier, around 15 percent above prewar, but below the record of 1945-46. Moderate reductions in retail prices from 1948, have helped maintain the high consumption levels.

The number of cows in the United States continued to decline during the past 12 months, though at a slower rate than in the previous year. Numbers of milk cows on farms of the U. S. in June was 1 percent below a year earlier. The percentages of June 1, 1948 by regions, were as follows: North Atlantic, 101.3; East North Central, 99.1; West North Central, 96.9; South Atlantic, 100.1; South Central, 98.8; and Western 99.8.

Production of milk on farms in July was about equal to a year earlier in contrast with substantial increases in earlier months of 1949. Production in the first 7 months of the year was 2.2 percent greater than in the same months of 1948. For 1949 as a whole, output will be between 1 and 2 percent greater than the 115.5 billion pounds of 1948.

POULTRY AND EGGS

The U. S. average price received by farmers for eggs, continuing to increase seasonally, averaged 48.8 cents per dozen on August 15, 1949. In the last three months the seasonal rise has been smaller than in most recent years. Price increases during the next few months also may be relatively smaller than a year earlier largely because of the prospective lower consumer income than a year earlier. The expected increase in production of eggs this fall and early winter will be partly offset by smaller storage stocks.

The three-month decline in chicken prices which began in May was ended by a 0.8 cents per pound rise which brought the August 15 price to 25.1 cents. Although this price was down to 91 percent of parity, chicken prices this year through August 15 averaged 101 percent of parity, well above the 90 percent support level.

Turkey prices have been rising seasonally. Current marketings include a substantial proportion of early turkeys of the 1949 crop in contrast to the past few months when marketings were largely breeders. At 33.8 cents per pound, the price of turkeys on August 15 was 0.4 cents above the seasonal low of 33.4 cents per pound on June 15. If prices follow their usual seasonal pattern, an increase may occur before the heavy marketing period in November and December when quality, current consumption, and storage demand will all be at seasonally high levels. The increase, however, is likely to be moderate in view of the large 1949 turkey crop. It will not bring winter turkey prices near last year's records.

Government price support programs for turkeys and eggs were announced on July 22. No turkey purchases had been made through mid-August, but the announcement helped to firm the market. The objective of the turkey price support program is to maintain prices at 90 percent of parity in the principal marketing months. This level may be around 31 cents per pound (U. S. average price, live) in the last four months of 1949.

Dried egg purchases under the price-support program continued into August. However, recent purchases are below July levels and sharply less than the peak of about 4 million pounds purchased weekly during March. During the week ending August 27, purchases were 0.6 million pounds. From the beginning of the year through August 27, purchases totaled 58 million pounds. Egg prices through August 15 averaged 91 percent of parity, slightly above the 90 percent support level.

FATS AND OILS

August 1 conditions indicate that total output of oilseeds from 1949 crops, although not as large as last year, will be well above the 1938-47 average. Production of cottonseed, based upon an estimated cotton crop of 14.8 million bales, may total 5,962,000 tons, slightly more than last year and the most since 1937. Flaxseed production is indicated to be 41.9 million bushels, substantially below the 1948 crop but 11.8 million bushels above the 1938-47 average. A considerable decline in yield per acre was responsible for the drop in production of flaxseed. Production of soybeans this year may be 202.4 million bushels, larger than in any previous year except 1948. The indicated yield per acre is near the record set in 1948. Peanut production from acreage for picking and threshing may be nearly 1.8 billion pounds. For the first time in the last 8 years, production of peanuts will be below 2 billion pounds.

Support prices to producers for 1949-crop cottonseed and peanuts were recently announced. The peanut price support program provides a basic support level of 10.5 cents per pound (about 210 dollars per ton) compared with 10.8 cents per pound for the 1948 crop. Cottonseed prices will be supported at \$49.50 per ton on clean, safely-stored cottonseed having a moisture content of 11 percent or less. There was no price support for cottonseed in 1948-49, but the price to farmers averaged about \$68.00 per ton, which was well above the parity price.

Exports of fats, oils, and oil equivalent of oilseeds in January-June totaled 1,336 million pounds, including shipments to United States Territories, compared with 603 million for the same period last year. Exports in June were 221 million pounds, about the same as the average monthly rate for the preceding five months. Compared with May 1948, exports of lard and peanuts increased and exports of inedible tallow and greases, cottonseed, and soybean oils declined.

Imports of fats and oils in June were larger than they have been in the last few months because of increased imports of copra and palm oil. The January-June total including oilseeds in terms of oil was 490 million pounds compared with 686 million pounds a year earlier.

The index number of wholesale prices of 26 major fats and oils (excluding butter) rose about 17 percent in August to approximately 180 (1935-39=100) compared with 154 in July and 245 in August 1948. Prices of major fats and oils, except linseed oil, increased in August. This was the first substantial advance in prices of fats and oils since the spring of 1948.

CORN AND OTHER FEED

The marked disparity between prices of feed grains and high-protein feeds continued in August. While feed grain prices in August were 34 percent lower than a year earlier and close to the 1939-48 average, prices of animal protein feeds were at a record level and more than double the

average prices of the past 10 years. Soybean meal prices also reached an all-time high in August, and averaged \$30.00 per ton higher than in June. Unusually high prices for animal proteins and soybean meal reflect the strong demand for poultry and hog supplements.

The total supply of all feed concentrates for 1949-50, including feed grains, byproduct feeds, and an allowance for wheat and rye feeding, was estimated in August at 181 million tons, 7 percent larger than in 1948-49 and about one-third larger than the 1937-41 average. This would be the largest supply on record, either in total or in relation to the expected number of livestock to be fed. The prospective hay supply for the 1949-50 season is ample for the livestock to be fed in most regions of the country, but supplies will be short in the northeastern States, Montana and in other local areas of the country where dry weather has curtailed production.

A corn crop of over 3.5 billion bushels is in prospect for 1949-50, only a little smaller than the record large 1948 crop. Present indications point to a carry-over of corn next October 1 of about 800 million bushels. About half of the July 1 farm stocks of corn in the North Central region were under the Government price support program.

WHEAT

Wheat prices at Kansas City on August 26 were 16 cents below the loan value, but about 6 cents above a month earlier. At Minneapolis prices were 7 cents below the loan with the approach of the heavy market movement. Winter wheat prices are not expected to change much within the near future, but advances are probable later in the season. Market receipts of hard winter wheat have declined to small size and it is expected that large quantities are being placed under Government loan. This will tighten free wheat supplies as the season progresses. Receipts of soft winter wheat are moderately heavy and prices weaker than those of hard winter.

United States wheat supplies are now estimated at 1,425 million bushels, or 59 million bushels less than the 1,484 million in 1948-49 but the fifth largest of record. The July 1 carry-over of old wheat was 293 million bushels and the crop was estimated in August at 1,132 million bushels -- a reduction of 57 million bushels from the 1,189 million crop indicated in July, but still the fourth largest crop of record. Domestic disappearance in the year beginning July 1 may total about 700 million, so that about 725 million will be available for export in 1949-50 and carry-over July 1, 1950. If exports approach 450 million, the carry-over July 1, 1950 would be about the same as on July 1, 1949.

The 1949 broad grain production in the Northern Hemisphere is expected to be about 5 percent below that of 1948. The reduction is largely the result of a smaller production of wheat. The rye crop is about the same. The indicated wheat crop is slightly above the 1935-39 average while rye shows a 5 percent decline. Sharply increased wheat production in the United States compared with prewar is largely responsible for keeping total wheat production above prewar in the Northern Hemisphere.

In North America the current outlook is for a bread grain crop about 15 percent less than the large 1948 harvest but still far above average. While the wheat crop in the United States and the rye crops in both the United States and Canada are below a year ago, the Canadian wheat crop, officially estimated at 392 million bushels, is about the same as a year earlier. The rye crop in the United States is estimated at 19 million bushels compared with 26 million in 1948 and 45 million in 1935-39. The rye crop in Canada is estimated at 10 million bushels compared with 25 million in 1948.

Bread grain production in Europe, excluding Soviet Union, is about 5 percent below the 1948 total, and 13 percent below the 1935-39 average. In the Soviet Union, production of both wheat and rye is expected to be slightly larger than in 1948, but still well below prewar. Production of wheat in Asia is estimated to be about 12 percent smaller than last year's harvest, principally because of smaller crops in China and Turkey. Northern Hemisphere countries of Africa show a slight increase over last year's wheat production. Most of the gain is in Tunisia where a good crop is reported after the poor harvest of 1948.

In the Southern Hemisphere, growing conditions have been favorable in Argentina, where seeding is now finished for the crop which will be harvested in December. Little change from the small acreage of the past two years is expected. In Australia the crop is growing well but some sections need moisture. Western areas are still deficient in subsoil moisture. The Wheat Board estimated the acreage at 13.25 million acres, compared with 13.0 million seeded last year and the 1935-39 average of 13.1 million.

FRUIT

Mainly because of large production, prices that growers will receive for most deciduous fruits this fall are expected to continue below 1948 prices. The 1949 deciduous fruit crop is expected to total over 10 million tons, fresh weight, one-sixth larger than the small 1948 crop and second only to record 1946 crop. Movement of fruit to processors has been slow this summer and exports probably will be small again this year. Larger-than-usual quantities of fruit may not be harvested this year because of low prices.

To help move surplus fruit, the Government during the first four weeks of August purchased 135 cars of Gravenstein apples and 584 cars of Bartlett pears in California and 45 cars of Bartletts in Washington. These purchases were utilized in the School Lunch and institutional feeding programs. Further purchases of pears were to be made the following week in these two States and Oregon. The Government in August also purchased 937,210 cases of canned peaches in California, Oregon, Washington, and New York for use in the School Lunch program.

With production of apples in commercial areas about 45 percent larger than in 1948 and pears about 30 percent larger, grower prices for these two fruits declined in August to levels considerably lower than a year earlier. Prices are expected to continue low this fall. Prices for fresh grapes from the near-record 1949 crop also have declined to levels much lower than a year ago. Demand for grapes for manufacture into wine and juice may not be as strong as a year ago, when about one-half of the crop was crushed. This condition will contribute to the expected continuance of lower grape prices this year and probably will result in considerably larger raisin production. With almonds, walnuts, and filberts, each record crops, but with pecans about a fifth smaller than the record 1948 crop, total production of these four tree nuts is expected to set a new record of over 200,000 tons, about 2 percent larger than the 1948 crop.

With smaller supplies of lemons and grapefruit than a year earlier, prices that growers will receive for these fruits in September and October are expected to continue generally higher than in the same months of 1948. But prices for California Valencia oranges probably will continue lower than a year ago, mainly because of a relatively high percentage of small-sized oranges. Prospective supplies of Florida citrus, especially grapefruit, were reduced by the August hurricane.

COMMERCIAL TRUCK CROPS

For Fresh Market

Prices received by growers for truck crops in September and October are expected to average slightly higher than in the same months of 1948 but not so high as in 1947 when prices set a record-high for the month. Total estimated tonnage of commercial truck crops produced for fresh shipment during the summer months (July, August, and September) is only 5 percent smaller than last year. However, production of 15 of the 19 crops reported is smaller than last summer by 4 to 28 percent. The reductions in the 15 crops are only partly offset by increases of 10 percent for watermelons, 7 percent for cucumbers, 5 percent for lettuce, and 2 percent for beets. Summer supplies will be relatively smallest for green peas, since production is only a little over one-third of average and 28 percent smaller than last year. Other summer crops at least 15 percent smaller than last year--and all below average--are cantaloups, Honey Dew melons, carrots, celery, and eggplant.

For Processing

Combined production of 11 truck crops for commercial processing this year, and the average prices received by farmers for these crops, are expected to be moderately lower than last year, primarily because of reductions in price and production of tomatoes and sweet corn. Most processing crops are produced under contract, so that a lowering of prices

offered by canners and freezers generally resulted in lowered acreage and production. Indicated reductions are slight for green peas and cabbage contracted for kraut. Large increases in production for processing are estimated for snap beans, and spinach in the winter and spring harvest areas. Large increases in acreage planted for processing are estimated for lima beans, beets and pimientos.

The total pack of canned vegetables this year probably will be smaller than last year, but the pack of frozen vegetables is expected to be at least as large as last year.

POTATOES AND SWEETPOTATOES

Prices received by farmers for potatoes in September and October probably will decline a little less than usual for these months and will average well above the 60 percent-of-parity support level most of the time. The August 1 report indicates that the crop this year in the intermediate potato States is 29 percent smaller than last year and 21 percent below the 10-year average. The crop in the 29 late States is nearly 20 percent smaller than last year and is 9 percent smaller than the 10-year average.

Through August 25, 1949, the Government have purchased slightly over 5.8 million bushels of 1949-crop potatoes for price support. Only about 3 percent of these were of U. S. No. 1 grade. By this same date last year, about 21.5 million bushels of 1948 crop potatoes had been purchased for price support, and of these, about 4/5 were U. S. No. 1. Most of the support purchases so far this year have gone or will go to feed livestock.

Prices received by farmers for 1949-crop sweetpotatoes are expected to average moderately above the support level of 80 percent of parity, but somewhat lower than prices received for the 1948 crop. This year's crop is estimated to be 4 percent larger than the 1948 crop, but is 18 percent smaller than the 10-year average.

Sharp differences from last year's sweetpotato crops exist among States. The 1949 crop in New Jersey as of August 1 was estimated to be about one-fourth smaller than last year. In Maryland and Virginia, the crop is moderately smaller than last year. In the Carolinas and in Georgia the 1949 crop is larger than last year. Louisiana, from which most carlot rail shipments originate, has a crop about the same as last year.

COTTON

The 1949 cotton crop was indicated at 14,805,000 bales, 500 pounds gross weight, as of August 1. This is slightly less than the 1948 crop of 14,863,000 bales, though the 26,380,000 acres in cotton, July 1, 1949 is 14.2 percent greater than last year. Unfavorable weather and boll weevil damage in the eastern and central states more than offset favorable conditions in Texas, Oklahoma, and the three western states.

In 1949 loan level based on Middling 15/16 inch cotton at average location is 29.43 cents per pound, 1.31 cents below the 1948 level. For other grades and staple lengths of cotton the loan rate differs from 29.43 cents according to the average premium or discount of the particular grade and staple length during the first nine months of the 1948-49 season.

With the carry-over on August 1 estimated at 5,283,000 bales, the supply of cotton during the 1949-50 season is expected to be about 20,000,000 running bales, an increase over 1948-49 of about 2,000,000 bales or 11 percent. Of the August 1 carry-over, about 3,800,000 bales or 72 percent was cotton pooled by the Commodity Credit Corporation.

Mill demand for cotton for domestic consumption is slightly stronger than for the last few months. It is still relatively weak however, with most purchases by mills being made to cover immediate requirements. However, the demand for cotton goods is increasing and with mill stocks at minimum levels, mill demand for cotton during the fall months for rebuilding inventories and current operating requirements is expected to be stronger this season than last. Exports slackened during the last month but will increase as supplies from the new crop (on which the loan rate is lower than last year) become available.

Prices of cotton have declined about 3 percent from mid-July to mid-August. Middling 15/16 inch cotton averaged 31.26 cents per pound in the ten spot markets the middle of August compared with 32.19 a month earlier and 31.16 cents a year ago.

TOBACCO

Flue-cured tobacco marketings are in full swing and demand is expected to continue fairly strong. Approximately 350 million pounds (including resales) in the Georgia-Florida and South Carolina-Border North Carolina belts combined sold for an average of about 45 cents for the season through late August. This price average is 10 percent below the comparable period last season, when record or near record prices were received by growers.

The domestic use of flue-cured set a new record of 715 million pounds in the period ended June 30. This was about 3 percent higher than in 1947-48 and in line with the larger cigarette production in the same period. Cigarette production this year probably will approach 395 billion compared with 387 billion in 1948. Flue-cured exports in July 1948-June 1949 approximated 387 million pounds (farm-sales weight)-- 8 percent above the previous year. Germany got considerably larger quantities while China took much less. The United Kingdom, the largest foreign outlet for flue-cured, took 17 percent more than the relatively small quantity of the previous year.

Recently, the British Government announced that because of dollar difficulties the original provision of 110 million dollars for tobacco would be cut to 90 million dollars. However, exports to the United Kingdom in 1949-50 are expected to be above the relatively low 1948-49 level.

Domestic use of Burley continues high mostly because of large cigarette manufacture. Other products using Burley such as smoking and chewing tobacco were consumed in smaller quantities in 1948-49 than in 1947-48. Burley exports are running moderately ahead of last year but are still small relative to total production.

Cigar consumption during January-July of 1949 was 3 percent below the same period of 1948. United States cigar tobacco exports during the past year have been well above any previous level. Approximately one-third of this was Puerto Rican tobacco, but substantial quantities of the binder types also were shipped abroad.

The estimated use of fire-cured tobacco in snuff in 1948-49 is near last year's level. Exports of both fire-cured and dark air-cured gained over 1947-48.

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